

DO NOT MAIL THIS WORKSHEET INFORMATION MUST BE SUBMITTED ELECTRONICALLY

2003/2004 Year End Report Worksheet for Residential Child Care Institutions School Meals Program

Make a copy of your Online Year End Report for your files.
Report must be submitted online via the Michigan
Education Information System (MEIS) by the following
deadline:

Final Due Date: August 1, 2004

FOOD SERVICE COST ALLOCATION (Report Whole Dollars Only)

Total Cost A	Cost Categories	Total Cost Allocation			
	Allocate total cost figures in left column to applicable programs in right columns.	School Lunch Program B	School Breakfast Program C	Non- Reimbursable Dinner D	Afterschool Snack Program E
\$.00	1. Salaries (Food Service Related)	\$.00	\$.00	\$.00	\$.00
\$.00	2. Employee Benefits	\$.00	\$.00	\$.00	\$.00
\$.00	3. Contract Services (Not Utilities)	\$.00	\$.00	\$.00	\$.00
\$.00	4. Transportation Supplies	\$.00	\$.00	\$.00	\$.00
\$.00	5. Supplies and Other Materials	\$.00	\$.00	\$.00	\$.00
\$.00	6. SUBTOTAL (Sum of Lines 1-5)	\$.00	\$.00	\$.00	\$.00
\$.00	7. Indirect Cost (Rate x Line 6)	\$.00	\$.00	\$.00	\$.00
\$.00	8. Depreciation	\$.00	\$.00	\$.00	\$.00
\$.00	9. Food Cost	\$.00	\$.00	\$.00	\$.00
\$.00	10. TOTAL COST (Sum of Lines 6-9)	\$.00	\$.00	\$.00	\$.00
	11. Total Number of Reimbursable Meals Served This Year				
	12. PER MEAL COST (Line 10 ÷ Line 11)	\$	\$		

CERTIFICATION: Year End Report will be submitted electronically and certified online by the individual who has received this authorization.

WORKSHEET INSTRUCTIONS

For Residential Child Care Institutions School Meals Program

YEAR END REPORT (SM-4012-R)

SCHOOL YEAR 2003/2004

Final MEIS Online Submission Due Date: August 1, 2004

**DO NOT MAIL THE YEAR END REPORT WORKSHEET
TO THE MICHIGAN DEPARTMENT OF EDUCATION.
IT IS FOR YOUR USE ONLY**

THE YEAR END REPORT MUST BE COMPLETED AND SUBMITTED ONLINE VIA
THE MICHIGAN EDUCATION INFORMATION SYSTEM (MEIS):

<http://michigan.gov/meis>

PRINT A COPY OF THE COMPLETED REPORT FOR YOUR FILES

Direct questions regarding this report to: (517) 373-8642

Residential Child Care Institutions Year End Report Worksheet for School Meals Program

Report costs for School Year 2003/2004, July 1, 2003 - June 30, 2004. Round all figures to the nearest dollar.

After completing your worksheet for the Year End Report, you will use it to enter your report online via MEIS.

Total Cost Column A

Enter the total amount of each food service expense in this column.

Line 1. Salaries

Enter the salaries earned by staff who are directly involved with the food service program. Prorate salaries of staff who perform other duties in addition to food service.

Line 2. Employee Benefits

Enter the cost of benefits for staff directly involved with the food service program. Prorate benefits of staff who perform duties in addition to food service.

Line 3. Contract Services

Enter the cost of services provided by outside sources. Examples include, but are not limited to, food service management fees, trash removal, linen service, pest control, data processing services and equipment repair.

Line 4. Transportation Supplies

Enter the cost of operating a vehicle used to transport meals and food for your institution. Typical costs are gas, oil, tires and tune ups.

Line 5. Supplies and Other Materials

Enter the cost of non-food items. This includes cleaning supplies, paper goods, small equipment (less than \$5000), or other items necessary to operate the food service program.

The following equation may be used to determine the cost:

Beginning Inventory (plus) Purchases (minus) Ending Inventory (equals) Cost

This may be extra work for small food service operations. Therefore, using the total amount of purchases is allowable.

Line 6. Subtotal

Add Lines 1 through 5.

Note: This sum will be calculated and inserted automatically into line 6 of the online Year End Report.

Line 7. Indirect Cost

For columns A – E, multiply line 6 by the unrestricted indirect cost rate and enter this on Line 7.

The maximum unrestricted indirect cost rate allowed is **12%**. See **Indirect Rate** in *Related Topics*.

Note: This cost will be calculated and inserted automatically into line 7 of the online Year End Report.

Line 8. Depreciation

Enter the annual depreciation amount. This includes depreciation for food service equipment, vehicles and computer systems. See **Developing a Depreciation Schedule** in *Related Topics*.

Line 9. Food Cost

Enter the amount of food cost incurred for the entire food service operation. Adjust cost for rebates or resold items. Do not enter total purchases here. Use the following equation:

Beginning Inventory (plus) Purchases (minus) Ending Inventory (equals) Food Cost

Note: The ending inventory will become next year's beginning inventory.

Line 10. Total Cost

Add Lines 6 through 9.

Note: This sum will be calculated and inserted automatically into line 10 of the online Year End Report.

Total Cost Allocation Columns - B through E:

After entering all costs in the Total Cost column A, determine the amount spent on each individual meal type; lunch, breakfast, dinner and afterschool snack. The following methods may be used:

- Salaries and Employee Benefits, (Lines 1 and 2), should be allocated based on a labor study. (See **Labor Study Example** and **Applying the Results of Labor and Food Cost Studies** in *Related Topics*.)
- Food Cost (Line 9), should be allocated based on the proportion of purchases used in each operational center. (See **Food Cost Study Example** and **Applying the Results of Labor and Food Cost Studies** in *Related Topics*.)
- The remaining lines should be allocated based on an average of labor and food cost. (See **Remaining Cost** in *Related Topics*.)

Line 11. Meals Served This Year

Enter the total number of reimbursable breakfasts and reimbursable lunches served this year in the appropriate columns.

Note: The total number of reimbursable meals for breakfast and lunch that have been submitted on the monthly claim forms will be inserted automatically into line 11, cells B11 and C11, of the online Year End Report. Remember, it is imperative that all claims for SY 2003-04 (July 2003 through June 2004) be submitted and processed by MDE. All meals claimed for the school year must be included to ensure the accuracy of the per meal cost for lunch and breakfast.

Line 12. Per Meal Cost

Divide Line 10 by Line 11 for both Breakfast and Lunch. **Do not round this amount, use dollars and cents.**

Note: The per meal cost for breakfast and lunch will be calculated and inserted automatically into line 12, B12 and C12, of the online Year End Report.

Certification

The Year End Report will be submitted electronically and certified online by the individual who has received this authorization. The Security Access Form for this individual must be received and processed in our office prior to being granted access to the online Year End Report.

Related Topics Year End Report Worksheet for School Lunch, Breakfast, Afterschool Snack

Residential Child Care Institutions SM-4012-R

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Use of the Year End Report

Michigan Department of Education

The Michigan Department of Education (MDE) has several uses for the data collected on the Year End Report. Most apply to programs operated by public schools. However, the following apply to Residential Child Care Institutions (RCCI).

- USDA funds breakfast at a higher reimbursement rate in buildings that are eligible for **Severe Need**. That higher rate is paid each month for the meals claimed. However, when reconciled, if a district has a cost per breakfast less than the severe need rate which it received, some funds will be taken back. The funds will be recovered back to the cost as indicated on the Year End Report or the standard free rate for breakfast, whichever is greater. Line 12 Per Meal Cost for Breakfast will indicate whether the severe need rate has been justified. Public and non-public schools as well as RCCIs are affected by this calculation.

In addition to the required uses of the Year End Report, MDE consultants will use your report as a preliminary tool when providing technical assistance. MDE also publishes a compilation of all the Year End Report data each year so that general comparisons can be made between Residential Child Care Institutions (See **Use of the Year End Report by Residential Child Care Institutions**).

Residential Child Care Institutions

The report can be used by an RCCI to track the progress of the food service program throughout the year. The form could be adapted for use on a weekly, monthly, or quarterly basis. It could also be used to compare year to year results or to make comparisons with similar RCCIs.

RCCIs should look at indicators like Food Cost % and Labor Cost % to compare periods with different number of meals served.

Accrual Accounting

Accrual accounting is a method of applying cost and revenue to the proper period. The method is used so a simple profit and loss calculation can be done accurately. In the case of revenue, schools operate primarily on a cash basis, so the revenue as collected usually falls into the proper year. The exception to this is districts that have significant advance sales such as debit card systems. Costs too are generally applied in the period in which they are paid with the exception of large inventory items like food. Use of accrual methods will give a more accurate “snapshot” of a particular year. Actual revenue earned in a year can be compared to the cost of earning that revenue.

Total Cost Allocation

Indirect Rate – Line 7

Indirect costs are costs that cannot be tied to a specific area of operation. The heating of the buildings, plowing of the parking lot, and custodial care of general traffic areas are of benefit to each operation in the building.

The indirect cost rate is an attempt to give RCCIs a method to assign costs to each area fairly. Any cost represented in the indirect cost rate must **not** be shown in lines 1, 2, or 3. Custodial costs included in the calculation of the indirect rate could therefore **not** be shown in column A as salaries. The maximum rate that can be used is 12%.

Developing a Depreciation Schedule – Line 8

Depreciation divides the cost of capital goods off more than \$5000 value into the number of years of its life. Food service equipment is depreciated over twelve years. Divide cost, including delivery and installation, by 12 to find the amount to “charge” each year. Heavy vehicles use six years (divide by 6), light vehicles use four years (divide by 4) and electronics, like computers, use 5 years (divide by 5).

Enter each depreciation amount on the schedule, total them and use this amount on each Year End Report until something is added or taken from the schedule.

When the amount changes use it until another change is made.

Depreciation Schedule Example

Equipment/Vehicle or Electronics	Cost	Date of Purchase	Depreciation Value	Date of Expiration
Delivery Van	\$11500	11/8/03	\$2,875.00	11/8/07
Convection Oven	\$7000	8/16/03	\$583.33	8/16/15
Total (use each year)			\$3,458.33	

Food Cost and Inventory – Line 9

See the example below in which an accrual accounting procedure (inventory adjustment) is contrasted with non-accrual in calculating food cost.

Food Purchases	\$20,500
Beginning Food Inv.	\$ 900
Ending Food Inv.	\$13,300

Accrual Method	
Food Cost:	
Beginning Inv.	\$ 900
+ Purchases	\$20,500
- Ending Inv.	<u>\$13,300</u>
Food Cost	\$ 7,100

Non-Accrual Method
Food Purchases shown as Food Cost:
\$20,500

Using food purchases (non-accrual method) will greatly overstate food cost in years in which inventory is growing. Conversely, in the years in which inventory is being used there will be fewer purchases and food cost will appear low. Typically, RCCIs that make this error have high food costs in one year followed by low food costs the next year.

Inventory

Inventory should be taken of all food items at least monthly. The food inventory should be used to order food and to monitor inventory turnover. Only the ending inventory needs to be **priced** (extended) each year and used in the cost of goods calculation as demonstrated above. A shortened version of an inventory form follows. It is easily converted to an electronic spreadsheet.

Inventory Form Example

Check if Commodity	Food	Pack	Purchase Price/Case	# of Cases	# of Indiv. Units	Value
					Total Value	

To calculate the value, multiply the case price by the number of cases. When quantities are part of the case, proportional pricing should be done.

Example:

Price per case of Peaches (6 #10 cans) \$26.45

Count: 5 cases 4 cans

$\$26.45 \times 5 = \132.25 plus $\$26.45 \times 4/6 = \17.63 **\$149.88**

For purchased food use the most current price. For commodities use the “cost of delivery and processing” as charged by the distribution warehouse.

Each Summer the auditors will request your inventory. The only difference from your closing inventory (June 30) is that the commodity portion will be valued at the market value as published in *Food Scoop* from MDE. However, the market value must **never** be used when calculating food cost for the Year End Report.

The calculation method used for determining food cost may be used for **Supplies and Other Material** costs. This will provide more accurate Year End Report data.

Allocation of Costs

After all the cost data is entered in the **Total Cost** section of the Year End Report, record the total cost for each operational centers in the food service; School Lunch, School Breakfast, Non-reimbursable Dinner and Afterschool Snack Program.

To obtain the cost per meal (see **Use of Year End Report by MDE** in the *Related Topics*) a method must be used to assign cost into the operational centers. The Salary and Benefits (Lines 1 & 2) should be allocated based upon a labor study (see **Labor Study Example**). The Food Cost (Line 9) should be allocated based on the proportion of purchases used in each operational center (See **Food Cost Study Example**). The remaining lines should be allocated based on an average of labor and food cost (See **The Remaining Cost**). Study the examples that follow.

Labor Study Example

Distribute notebooks or forms to the employees on which they will record the amounts of time they spend in each operational area for at least a week. Add all of the hours for each operational area and divide each by the total hours. The resulting percentages are applied against the total costs for Line 1 and Line 2.

The following is an example of a form an employee may use to record their time working in food service.

Marie Jones

Day	School Lunch Program	School Breakfast Program	Non Reimbursable Dinner	Afterschool Snack Program	Total
Monday	2.0 hr.	1.0 hr.	1.5 hr.	.5 hr.	5.0 hr.
Tuesday	2.0 hr.	1.0 hr.	1.5 hr.	.5 hr.	5.0 hr.
Wednesday	2.0 hr.	1.0 hr.	1.5 hr.	.5 hr.	5.0 hr.
Thursday	2.0 hr.	1.0 hr.	1.5 hr.	.5 hr.	5.0 hr.
Friday	2.0 hr.	1.0 hr.	1.5 hr.	.5 hr.	5.0 hr.
Total	10.0 hr.	5.0 hr.	7.5 hr.	2.5 hr.	25.0 hr.

Individual staff times can be compiled into a chart like the one below.

Labor Compilation Example

Building	School Lunch Program	School Breakfast Program	Non Reimbursable Dinner	Afterschool Snack Program	Total
M. Jones	10.0 hr.	5.0 hr.	7.5 hr.	2.5 hr.	25.0 hr.
C. Smith	5.0 hr.	4.0 hr.	4.0 hr.	3.0 hr.	16.0 hr.
Total	15.0 hr.	9.0 hr.	11.5 hr.	5.5 hr.	41.0 hr.

After the Labor Compilation is completed, calculate the **Labor Cost Percentage**.
Use the following formula:

$$\text{Operational Center Hours} \div \text{Total Labor Hours} = \text{Labor Cost \%}$$

Labor Cost Percentage Example

Hr ÷ Total Hr = %	15.0 ÷ 41 = .366	9.0 ÷ 41 = .220	11.5 ÷ 41 = .280	5.5 ÷ 41 = .134
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Care should be used when calculating labor percentages. If the week recorded was not typical, some judgment should be made to adjust actual hours to something more realistic. The labor cost percentages will be applied to total salary (See **Applying the Results of Labor and Food Cost Studies**).

Food Cost Study Example

Review food invoices for a representative period. The period should reflect all typical deliveries. Commodity invoices should also be used with the price of the items based upon the cost of processing and/or delivery. Highlight or use other ways of identifying food items used only in certain areas (i.e. Lunch, A la Carte). Decide on a reasonable proportion of the cost of items that are used in more than one area and pencil in that cost as shown in the example below:

Example: Flour Purchases: \$54.50

Estimated use rate: Lunch 60% Breakfast 10% Dinner 30%

The assignment of cost:

Lunch: \$32.70 Breakfast: \$5.45 Dinner: \$16.35

Food purchases by operational center would be compiled into a chart like the one on the next page.

Food Cost Compilation Example

	School Lunch Program	School Breakfast Program	Non Reimbursable Dinner	Afterschool Snack Program	Total
Purchases	\$14,320	\$2,119	\$13,022	\$940	\$30,401

After the Food Cost Compilation is completed, calculate the **Food Cost Percentage**.
Use the following formula:

$$\text{Operational Center Food Purchases} \div \text{Total Food Purchases} = \text{Food Cost \%}$$

Food Cost Percentage Example

\$ ÷ Total \$ = %	14320 ÷ 30401 = .471	2119 ÷ 30401 = .070	13022 ÷ 30401 = .428	940 ÷ 30401 = .031
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Applying the Results of Labor and Food Cost Studies

Make a copy of a blank Year End Report. In each Cell for Salaries and Benefits, write the corresponding labor cost percentages. In each Cell for Food Cost write the corresponding food cost percentages.

	Total Cost A	School Lunch Program B	School Breakfast Program C	Non Reimbursable Dinner D	Afterschool Snack Program E
1. Salaries		.366	.220	.280	.134
2. Benefits		.366	.220	.280	.134
3. Contract					
4. Transp.					
5. Supplies					
6. Subtotal					
7. Indirect					
8. Deprec.					
9. Food Cost		.471	.070	.428	.031
10. Total					

For determining the cost % for Lines 3-5 and Line 8 of columns B-E, use this formula:

$$\text{Line (1 + 9)} \div 2 = \% \text{ for Lines 3-5 and Line 8.}$$

Example of Determining Lines 3-5 and Line 8 Cost Percentages

.366 + .471 ÷2	.220 + .070 ÷2	.280 + .428 ÷2	.134 + .031 ÷2
.419	.145	.354	.082

Remaining Cost

Enter the percentages into the applicable cells.

	Total Cost A	School Lunch Program B	School Breakfast Program C	Non Reimbursable Dinner D	Afterschool Snack Program E
1. Salaries		.366	.220	.280	.134
2. Benefits		.366	.220	.280	.134
3. Contract		.419	.145	.354	.082
4. Transp.		.419	.145	.354	.082
5. Supplies		.419	.145	.354	.082
6. Subtotal					
7. Indirect					
8. Deprec.		.419	.145	.354	.082
9. Food Cost		.471	.070	.428	.031
10. Total					

Multiply Total Costs in Column A by the percentages in each cell to determine the cost allocations.

ONLINE INSTRUCTIONS

**For Residential Child Care Institutions
School Meals Program**

Year End Report (SM-4012-R)

School Year 2003/2004

Final MEIS Online Submission Due Date: August 1, 2004

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Residential Child Care Institutions Year End Report for School Meals Program

After completing your worksheet for the Year End Report, you will need to enter your Costs electronically on the Year End Report form (SM-4012-R), via the Michigan Education Information System (MEIS) at the following web site: <http://michigan.gov/meis>. Go to this web site and click on "School Meals Program Year End Report". Enter your MEIS User ID and Password.

Main Page

After entering your User ID and Password on the log-in page, you will be directed to the Main Page. The Main Page will allow you to:

- Access the Food Service Cost Allocation Sheet
- Certify the Year End Report

Food Service Cost Allocation Sheet

Points to Know About the Food Service Cost Allocation Sheet:

Use whole numbers only when entering cost information. Do not use dollar (\$) signs, percentage (%) signs, or commas when entering data.

Use the tab key to move from cell to cell in the cost allocation sheet. You will not need to enter a "0" in those cells that will not have cost data entered into them.

All cells highlighted in blue and/or yellow are Read Only and will automatically be filled with data.

Cost information can be entered and saved as work in progress. The Cost Allocation Sheet does not have to be completed all at once. Remember to click on the "Save" button before exiting the sheet.

Error messages will be displayed in RED at the TOP of the Cost Allocation sheet. Errors in the cost categories will appear in RED in the Cost Category column.

Errors will be corrected when the error message is no longer displayed.

Each time amendments or corrections are made to the Cost Allocation Sheet, remember to click on "Save" at the bottom of the sheet. Return to the Main Page and click on "Certify" to recertify the Year End Report.

Print and keep a hard copy of the Cost Allocation Sheet for your files each time amendments or corrections are made to this sheet. Before printing this sheet, go to File, click on Page Set-up, click on Paper Size and click on "Portrait" under Orientation.

STEPS USED TO COMPLETE THE COST ALLOCATION SHEET

Step 1. Accessing the Food Service Cost Allocation Sheet:

From the Main Page, click on "Food Service Cost Allocation Sheet" to access this sheet. Use the Year End Report Worksheet to enter the cost information into this sheet.

Step 2. Entering Unrestricted Indirect Cost Rate Information:

In the upper right hand corner of the Food Service Cost Allocation Sheet, you will see a text box entitled, "Indirect Cost Rate." Enter your unrestricted indirect cost rate percentage into this box. Do not include a percentage (%) sign when entering your rate. Only enter the number. For example, if your rate is 11.27%, you will enter 11.27

This information will be used to calculate your indirect cost for line 7 of the Food Service Cost Allocation Sheet.

Remember, the maximum unrestricted indirect cost rate that is allowed for this report is 12%. If your RCCI has instructed you to use a rate that is less than 12%, then use that rate.

Step 3. Entering Cost Allocation Information:

Enter cost data into Columns A through E.

The sum of lines 1 through 5 will be INSERTED AUTOMATICALLY into line 6.

Line 6 will AUTOMATICALLY be multiplied by the Unrestricted Indirect Cost Rate. The result will be INSERTED into line 7, cells A7 through E7 when clicking on "Save" at the bottom of the sheet.

The sum of lines 7 through 9 will be INSERTED AUTOMATICALLY into line 10.

The total number of reimbursable meals served for lunch and breakfast will be taken from the monthly meal claims. This information will be INSERTED AUTOMATICALLY into line 11, cells B11 and C11. **As a reminder, it is imperative that all claims for SY 2003-04 (July 1, 2003 through June 30, 2004) be submitted and processed by MDE.** The number of meals claimed must be complete to ensure the accuracy of the per meal cost for lunch and breakfast. The total number of reimbursable meals will be inserted and displayed when clicking on "Save" at the bottom of the sheet.

The per meal cost for lunch and breakfast will AUTOMATICALLY be calculated and INSERTED into line 12, cells B12 and C12. The per meal cost will be calculated and displayed when clicking on "Save" at the bottom of the sheet.

Certifying the Year End Report

Return to the Main Page and click on “Certify” to certify the information submitted for the Year End Report.

Amending the Food Service Cost Allocation Sheet

1. Make corrections or amendments to the indirect cost rate and/or costs on the Food Service Cost Allocation Sheet and click on “Save”.
2. Return to the Main Page and click on “Certify” to recertify the report.
3. Print and keep a hard copy of the report for your files each time corrections or amendments are made to it.
4. REMEMBER: ANY CHANGES REQUIRE RETURNING TO THE MAIN PAGE TO RECERTIFY THE YEAR END REPORT.